

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Gardner Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: December 3, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and an adjustment to the salary increase assumption.

We note above that the schedule's assumed payment date is July 1. In FY19, the City's appropriation was made in late August. Further, the Housing Authority consistently has made payments on a quarterly basis. If the City intends to make future appropriations in August or later, you should have your actuary assume a later payment date in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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GARDNER CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Actuarial Accrued Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*	% Change
2021	900,851	48,908,022	3,592,478	124,193	4,617,522	8.44%
2022	932,381	48,600,920	3,950,667	124,193	5,007,241	8.44%
2023	965,014	47,887,397	4,340,645	124,193	5,429,852	8.44%
2024	998,790	46,703,891	4,765,149	124,193	5,888,132	8.44%
2025	1,033,747	44,979,301	5,227,150	124,193	6,385,090	8.44%
2026	1,069,928	42,634,182	5,729,870	124,193	6,923,992	8.44%
2027	1,107,376	39,579,874	6,276,808	124,193	7,508,377	8.44%
2028	1,146,134	35,717,539	6,871,757	124,193	8,142,084	8.44%
2029	1,186,249	30,937,102	7,518,834	124,193	8,829,276	8.44%
2030	1,227,767	25,116,092	8,222,506	124,193	9,574,467	8.44%
2031	1,270,739	18,118,372	8,987,619	124,193	10,382,552	8.44%
2032	1,315,215	9,792,732	9,792,732	124,193	11,232,141	8.18%
2033	1,361,248	-	-	124,193	1,485,441	-86.78%

Amortization of Unfunded Liability as of July 1, 2020

** Contribution is set to be the amount resulting from a 8.44% increase on the prior year's contribution, with 8.44% increases thereafter. The contribution in FY2032 increases by 8.18%.

Bases in the funding schedule:

- Amortization of the unfunded actuarial accrued liability: 12 years.